

AN ACT concerning public construction.

Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:

Section 5. The Public Construction Bond Act is amended  
by changing Section 1 as follows:

(30 ILCS 550/1) (from Ch. 29, par. 15)

Sec. 1. Except as otherwise provided by this Act, all  
officials, boards, commissions or agents of this State, or of  
any political subdivision thereof in making contracts for  
public work of any kind costing over \$5,000 to be performed  
for the State, or a political subdivision thereof shall  
require every contractor for the work to furnish, supply and  
deliver a bond to the State, or to the political subdivision  
thereof entering into the contract, as the case may be, with  
good and sufficient sureties. The amount of the bond shall be  
fixed by the officials, boards, commissions, commissioners or  
agents, and the bond, among other conditions, shall be  
conditioned for the completion of the contract, for the  
payment of material used in the work and for all labor  
performed in the work, whether by subcontractor or otherwise.

If the contract is for emergency repairs as provided in  
the Illinois Procurement Code, proof of payment for all  
labor, materials, apparatus, fixtures, and machinery may be  
furnished in lieu of the bond required by this Section.

Each such bond is deemed to contain the following  
provisions whether such provisions are inserted in such bond  
or not:

"The principal and sureties on this bond agree that all  
the undertakings, covenants, terms, conditions and agreements  
of the contract or contracts entered into between the  
principal and the State or any political subdivision thereof

will be performed and fulfilled and to pay all persons, firms and corporations having contracts with the principal or with subcontractors, all just claims due them under the provisions of such contracts for labor performed or materials furnished in the performance of the contract on account of which this bond is given, when such claims are not satisfied out of the contract price of the contract on account of which this bond is given, after final settlement between the officer, board, commission or agent of the State or of any political subdivision thereof and the principal has been made."

The surety bond required by this Section may be acquired from the company, agent or broker of the contractor's choice. The bond and sureties shall be subject to the right of reasonable approval or disapproval, including suspension, by the State or political subdivision thereof concerned. In the case of State construction contracts, a contractor shall not be required to post a cash bond or letter of credit in addition to or as a substitute for the surety bond required by this Section.

When other than motor fuel tax funds, federal-aid funds, or other funds received from the State are used, a political subdivision may allow the contractor to provide a non-diminishing irrevocable bank letter of credit, in lieu of the bond required by this Section, on contracts under \$100,000 to comply with the requirements of this Section. Any such bank letter of credit shall contain all provisions required for bonds by this Section.

(Source: P.A. 91-456, eff. 8-6-99.)